

CITY OF CARMEL-BY-THE-SEA ANNUAL PROGRAM COMPLIANCE REPORT

Measure X Funding for Fiscal Year 2023-2024

December 31, 2024

Measure X Local Road Project funds were utilized for eligible expenditures related to the category of road maintenance and repairs. Specifically, Measure X funded the engineering and design phases, and preparation of technical specifications of the City’s Fiscal Year 2021/2022 City wide Paving Rehabilitation Project. Unfortunately, this project was put on hold at the outbreak of the COVID-19 pandemic. The project went out to bid in August 2023 and was awarded to Monterey Peninsula Engineering. Construction started in January 2024 and was completed in June 2024. Measure X also funded portions of the City’s Fiscal Year 2022/2023 Concrete Street Repairs Project. Remaining Measure X funds were also utilized for portions of the City’s Fiscal Year 2023/2024 Paving Repairs Project.

The City exceeded its Maintenance of Effort requirement by funding road and storm drain maintenance and other eligible transportation related projects. In addition to the General Fund, the City also utilized State funding to augment Measure X funds for its paving rehabilitation project.

CITY OF CARMEL BY THE SEA - YEAR 2024

REVENUES	
Carryover from Previous Year	856,226
Measure X Revenues	263,637
Use of Money and Property	14,937
TOTAL REVENUES:	1,134,800
EXPENDITURES	
Pavement Rehabilitation 21/22	827,102
Concrete Street Repairs 22/23	170,625
Paving Repairs 23/24	126,769
Materials and Supplies	10,304
TOTAL EXPENDITURES:	1,134,800
FUND BALANCE, END OF PERIOD:	0

Project Title: Fiscal Year 2021/2022 City wide Paving Rehabilitation Project

Project Description:

AC Paving / Overlay Streets

- Junipero Street. between 3rd and 4th Avenues
- Junipero Street & Camino Del Monte between 1st and 2nd Avenues
- Santa Fe Street. between 5th and 8th Avenues
- San Antonio Avenue between 4th and Ocean Avenues
- San Antonio Avenue between Ocean and 8th Avenues
- Monte Verde Street between 4th and Ocean Avenues
- Torres Street between 2nd and 4th Avenues

These roadway improvements include: lowering utility irons, patch paving, conform grinding, reconstruction of several ADA ramps, placing a 2” or 2-1/2” thick AC overlay, restoring AC berms, swales and pavement markings, and raising utility irons.

Micro –Surfacing Streets

- Junipero Street between 4th and Ocean Avenues
- San Carlos Street between 8th and 11th Avenues
- San Carlos Street between 11th and 13th Avenues

These roadway improvements include: patch paving, removing markings, crack sealing, applying micro-surfacing, and restoring pavement markings.

Sidewalk Improvements

- Mission Street west side between 5th and 6th Avenues
- Dolores Street west side between 5th and 6th Avenues
- San Carlos Street west side north of 4th Avenue
- Mission Street west side between 4th and 5th Avenues

These roadway improvements include: removing existing brick, concrete, asphalt, and paver sidewalk segments, regrading and compacting subgrade, installing redwood headers and new permeable pavers or asphalt sidewalk, reconstructing curb and gutter, cobblestone curb, AC berms, and adjusting utility boxes to grade.

Project Benefits: These improvements were strategically chosen using recommendations from our pavement management software. We improved roads that were in dire need of reconstructions as well as prolonged the life of other roads by using resurfacing techniques. We also improved a number of sidewalks and ADA ramps to improve pedestrian accessibility throughout the City.

Project Title: Fiscal Year 2022/2023 Concrete Street Repairs Project

Project Description:

Ocean Avenue at San Antonio Avenue Intersection – Roadway improvements include saw-cutting, reconstruct existing curb ramps, access path and conforms, remove existing pavement and base material and place Hot Mix Asphalt (HMA) and base material for new pavement section, conform grind and overlay, adjust manholes, valves and monument covers to grade with new covers, and restore striping and pavement markings.

Ocean Avenue between San Antonio Avenue and Monte Verde Street – Roadway improvements include saw-cutting, remove and replace damaged concrete pavement, wedge grind concrete pavement and place 2” Hot Mix Asphalt (HMA) overlay with geosynthetic pavement interlayer (GPI), HMA digouts, adjust manholes and valve covers to grade with new covers, reconstruct Silent Knight manholes and valley gutters, reset inlet frame and grates, and restore striping and pavement markings.

Junipero Street at 7th Avenue – Roadway improvements include saw-cutting, reconstruct existing curb ramps and sidewalk conforms, construct islands and passageway, HMA paving, adjust manholes and valve covers to grade with new covers, reset inlet frame and grate, and restore striping and pavement markings.

San Carlos Street at 5th Avenue Intersection– Roadway improvements include saw-cutting, reconstruct existing curb ramps and sidewalk conforms, remove existing pavement and place HMA pavement section, base material, adjust manholes and valve covers to grade with new covers, reset inlet frame and grate, and restore striping and pavement markings

San Carlos Street at 6th Avenue Intersection – Roadway improvements include saw-cutting, reconstruct existing curb ramps and sidewalk conforms, remove existing pavement and place HMA pavement section, base material, conform grind and overlay, adjust manholes, valves and monument covers to grade with new covers, reset inlet frame and grate, and restore striping and pavement markings

San Carlos Street (between 5th Avenue and 6th Avenue) – Roadway improvements include saw-cutting, remove and replace damaged concrete pavement, adjust manholes and valve covers to grade with new covers, and restore striping and pavement markings.

Ocean Avenue at Carmelo Street Intersection – Roadway improvements include saw-cutting, reconstruct pedestrian path, remove existing pavement and place HMA pavement section, base material, reconstruct valley gutter, adjust manholes, valves and monument covers to grade with new covers, and restore striping and pavement markings

Ocean Avenue at Camino Real Intersection - Roadway improvements include saw-cutting, reconstruct pedestrian path, remove existing pavement and place HMA pavement section, base material, reconstruct valley gutter, adjust manholes, valves and monument covers to grade with new covers, and restore striping and pavement markings

Ocean Avenue at Casanova Street Intersection - Roadway improvements include saw-cutting, reconstruct pedestrian path, remove existing pavement and place HMA pavement section, base material, reconstruct valley gutter, adjust manholes and valve covers to grade with new covers, and restore pavement markings

Project Benefits: Improve sections of road in the commercial district that have exceeded their useful life. This work also included the upgrading of various intersections including construction of numerous ADA ramps.

Project Title: Fiscal Year 2023/2024 Paving Repairs Project

Project Description:

AC Paving / Overlay Streets

- Ocean Avenue between Carpenter Street and East City Limits
- Santa Lucia Avenue between Dolores Street and Rio Road
- Tenth Avenue between Junipero and Mission Streets
- Sixth Avenue between Guadalupe and Carpenter Streets

These roadway improvements include: lowering utility irons, patch paving, conform grinding, reconstruction of several ADA ramps, placing a 2” or 2-1/2” thick AC overlay, restoring AC berms, swales and pavement markings, and raising utility irons.

Micro –Surfacing Streets

- Sixth Avenue between Junipero and Torres Streets
- Sixth Avenue between Monte Verde and Lincoln Streets
- Dolores Street between Vista and Second Avenue
- Dolores Street between Fifth and Ocean Avenues
- Flanders Way between Vizcaino and Crespi Avenues
- Forest Road between Ocean and Seventh Avenues
- Guadalupe Street between Second and Third Avenues
- Guadalupe Street between Fifth and Sixth Avenues
- Lobos Street between First and Second Avenues
- Mission Street between Ocean and Eighth Avenues
- Monte Verde between Second and Fourth Avenues
- Monterey Street between North End and Second Avenue
- Perry Newberry Way between Fourth and Sixth Avenues
- Pine Redge Way between Forest Road and Turnaround
- Santa Fe Street between Third and Fourth Avenues
- Sant Rita Street between North City Limits and Second Avenue
- Second Avenue between Casanova and Monte Verde Street

- Sixth Avenue between Dolores and Mission Streets
- Third Avenue between Monte Verde and Dolores Street
- Torres Street between 285'N of Eleventh and Eleventh Avenue
- Vizcaino Avenue between Mountain View Avenue and Flanders Way

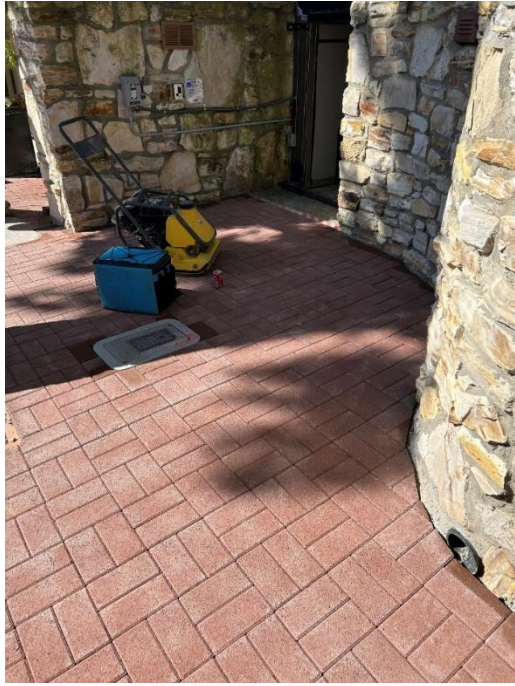
These roadway improvements include: patch paving, removing markings, crack sealing, applying micro-surfacing, and restoring pavement markings.

Sidewalk Improvements

- Junipero Street, West Side – Sixth to Ocean Avenue
- Dolores Street and Seventh Avenue – Northwest Corner
- Sixth Avenue, North Side – Lincoln to Dolores
- Sixth Avenue, South Side – Mission to Junipero
- Dolores Street and Ocean Avenue – Southeast Corner

These roadway improvements include: removing existing brick, concrete, asphalt, and paver sidewalk segments, regrading and compacting subgrade, installing redwood headers and new permeable pavers or asphalt sidewalk, reconstructing curb and gutter, cobblestone curb, AC berms, and adjusting utility boxes to grade.

Project Benefits: These improvements have been strategically chosen using recommendations from our pavement management software. We will improve roads that are in dire need of reconstructions as well as prolong the life of other roads by using resurfacing techniques. Also, we will improve a number of sidewalks and ADA ramps to improve pedestrian accessibility throughout the City.



ATTACHMENT 1: Independent Audit of Financial Statements for Measure X Funds
June 30, 2024

ATTACHMENT 2: Five-Year Capital Improvement Program

ATTACHMENT 3: Pavement Management Program Report

ATTACHMENT 1: Independent Audit of Financial Statements for Measure X Funds
June 30, 2024

CITY OF CARMEL-BY-THE-SEA
TRANSPORTATION SAFETY AND
INVESTMENT PLAN ACCOUNT FUND

WITH INDEPENDENT
AUDITORS' REPORT

JUNE 30, 2024

* * *



Chavan & Associates, LLP
Certified Public Accountants
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Morgan Hill, California 95037

CITY OF CARMEL-BY-THE-SEA
Transportation Safety and Investment Plan Account Fund
June 30, 2024

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Council
City of Carmel-by-the-Sea
Carmel-by-the-Sea, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Safety and Investment Plan Account Fund of the City of Carmel-by-the-Sea, as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Safety and Investment Plan Account Fund of the City, as of June 30, 2024, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters

As discussed in Note 1, the financial statements present only the Transportation Safety and Investment Plan Account Fund and do not purport to, and do not, present fairly the financial position of the City of Carmel-By-The-Sea, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

City management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Transportation Safety and Investment Plan Account Fund financial statements that collectively comprise the City of Carmel-By-The-Sea Transportation Safety and Investment Plan Account Fund financial statements. The accompanying supplemental information – Schedule of Revenues, Expenditures



and Changes in Fund Balance - Budget and Actual on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the City's Transportation Safety and Investment Plan Account Fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2024, on our consideration of the City of Carmel-By-The-Sea Traffic Safety and Investment Plan Account Fund's internal control over financial reporting and on our tests of its compliance with the requirements described in the TAMC's Ordinance No. 2016-01 and in the Agreement between TAMC and the City and other matters for the fiscal year ended June 30, 2024. The purpose of that report is solely to report our opinion on compliance and to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of the City of Carmel-By-The-Sea Traffic Safety and Investment Plan Account Fund's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carmel-By-The-Sea Traffic Safety and Investment Plan Account Fund's compliance.

C & A LLP

November 2, 2024
Morgan Hill, California

City of Carmel-by-the-Sea
Transportation Safety and Investment Plan Accounting Fund
Balance Sheet
June 30, 2024

ASSETS

Taxes receivable	\$ 64,575
Total assets	<u>\$ 64,575</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Due to other funds	\$ 64,575
Total liabilities	<u>64,575</u>

Fund Balance:

Restricted	<u>-</u>
Total fund balances	<u>-</u>
Total liabilities and fund balances	<u>\$ 64,575</u>

The accompanying notes are an integral part of these financial statements

City of Carmel-by-the-Sea
Transportation Safety and Investment Plan Accounting Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2024

REVENUES

Taxes:

Transportation Safety and Investment Plan Account revenue	\$ 263,638
Use of money and property	<u>14,935</u>
Total Revenues	<u>278,573</u>

EXPENDITURES

Streets and roads maintenance	<u>-</u>
Total Expenditures	<u>-</u>

OTHER FINANCING SOURCES (USES)

Transfers out	<u>(1,134,799)</u>
Total Other Financing Sources (Uses)	<u>(1,134,799)</u>

Net Change in Fund Balance (856,226)

Fund Balance Beginning 856,226

Fund Balance Ending \$ -

The accompanying notes are an integral part of these financial statements

City of Carmel-by-the-Sea
Transportation Safety and Investment Plan Account Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Transportation Safety and Investment Plan Account Fund of the City of Carmel-By-The-Sea (the City) is a governmental fund type. Governmental funds are accounted for using a current financial resources measurement focus. The application of this measurement focus provides that, in general, only current assets and current liabilities are present on the balance sheet. Operating statements of these funds present revenues and expenditures.

The modified accrual basis of accounting is used for the Transportation Safety and Investment Plan Account Fund. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

Reporting Entity

The Transportation Safety and Investment Plan Account Fund from the Transportation Agency for Monterey County was approved on November 8, 2016. The revenue from the sales tax measure will be used to fund transportation safety and mobility projects in Monterey County. Expenditures are restricted to road improvements, pothole repairs, street and road maintenance, traffic deduction and regional safety, mobility and walkability.

The Transportation Safety and Investment Plan Fund financial statements and related accounting policies of the City conform with generally accepted accounting principles applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements present only the Transportation Safety and Investment Plan Account Fund and do not purport to, and do not present, the City's financial position and changes in financial position. The City's basic financial statements are available from the Finance Department at City's address and website.

NOTE 2 – CASH DEPOSITS

The City follows the practice of pooling cash and investments for all funds (including the Transportation Safety and Investment Plan Account Fund) under its direct daily control. Interest earned on pooled cash and investments is allocated periodically to the various funds based on average cash balances. Detailed disclosure regarding the City's investments of cash is included in the notes to City's basic financial statements.

City of Carmel-by-the-Sea
Transportation Safety and Investment Plan Account Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City and the Transportation Agency for Monterey County, as amended, requires that the City must expend each fiscal year from its general fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed), as reported to the Controller pursuant to Streets and Highways Code section 2151 (“Maintenance of Effort”). This baseline amount will be indexed annually to the Engineering News Record construction index.

The following eligible expenditures were made:

Fiscal year ended June 30:		
2010	\$	482,699
2011		870,129
2012		318,316
Total	\$	<u>1,671,144</u>
Three-year average	\$	557,048
Fiscal year ended June 30, 2017	\$	175,508
Maintenance of effort baseline	\$	557,048
Engineering News Record construction index FY 2019/20		1.37%
Engineering News Record construction index FY 2020/21		1.27%
Engineering News Record construction index FY 2021/22		2.05%
Engineering News Record construction index FY 2022/23		7.34%
Engineering News Record construction index FY 2023/24		4.93%
Index-adjusted maintenance of effort requirement	\$	<u>657,329</u>
Current year eligible expenditures	\$	1,108,479
Compliant (Yes or No)		Yes

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2024 was \$1,108,479. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Carmel-by-the-Sea and the Transportation Agency for Monterey County.

**SUPPLEMENTARY
INFORMATION**

City of Carmel-by-the-Sea
Transportation Safety and Investment Plan Account Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Transportation Safety and Investment Plan Account revenue	\$231,779	\$231,779	\$ 263,638	\$ 31,859
Use of money and property	-	-	14,935	14,935
Total Revenues	<u>231,779</u>	<u>231,779</u>	<u>278,573</u>	<u>46,794</u>
EXPENDITURES				
Current:				
Streets and roads maintenance	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(802,757)</u>	<u>(802,757)</u>	<u>(1,134,799)</u>	<u>(332,042)</u>
Total Other Financing Sources (Uses)	<u>(802,757)</u>	<u>(802,757)</u>	<u>(1,134,799)</u>	<u>(332,042)</u>
Net Change in Fund Balance	(570,978)	(570,978)	(856,226)	(285,248)
Fund Balance Beginning	<u>856,226</u>	<u>856,226</u>	<u>856,226</u>	<u>-</u>
Fund Balance Ending	<u>\$285,248</u>	<u>\$285,248</u>	<u>\$ -</u>	<u>\$ (285,248)</u>

The City employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the City Council to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the Measure X Special Revenue Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**OTHER INDEPENDENT
AUDITORS REPORT**



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

City Council
City of Carmel-by-the-Sea
Carmel-by-the-Sea, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Safety and Investment Plan Account Fund (Measure X Fund) of City of Carmel-by-the-Sea (the “City”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Carmel-by-the-Sea’s Measure X Fund financial statements, and have issued our report thereon dated November 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Carmel-by-the-Sea’s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carmel-by-the-Sea’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carmel-by-the-Sea’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carmel-by-the-Sea's Measure X Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

November 2, 2024
Morgan Hill, California



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
TAMC ORDINANCE NO. 2016-01 AND THE MEASURE X
MASTER PROGRAMS FUNDING AGREEMENT**

City Council
City of Carmel-by-the-Sea
Carmel-by-the-Sea, California

Report on Compliance with the TAMC Ordinance No. 2016-01

Opinion

We have audited the City of Carmel's (the "City") Transportation Safety and Investment Plan Account Fund's (the City's Measure X Fund) compliance with the types of compliance requirements described in the Transportation Agency's for Monterey County's (TAMC) Ordinance No. 2016-01 and the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City, applicable for the fiscal year ended June 30, 2024.

In our opinion, the funds allocated to and received by the City's Measure X Funds, complied, in all material respects, with the compliance requirements referred to above that are applicable in accordance to the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement between TAMC and the City for the fiscal year ended June 30, 2024.

Basis for Opinion on Compliance with the TAMC Ordinance No. 2016-01 Requirements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the compliance requirements referred to above. However, our audit does not provide a legal determination of the City's compliance.

Management's Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Safety and Investment Plan Account Funds.



Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City. The Measure X Master Programs Funding Agreement requires that the independent auditor shall perform at least the following tasks: (1) determine whether the recipient expended all Measure X funds received in compliance with Measure X, the Measure X Investment Plan, and the Policies & Project Descriptions, as they may be adopted or amended by TAMC from time to time, and the Agreement, (2) determine whether the Measure X revenues received and expended were accounted for and tracked in its own separate budget and fund titled "Transportation Safety & Investment Plan Account" and were not be comingled with any other funds and that the accounting system provides adequate internal controls and audit trails to facilitate an annual compliance audit for each fund type and the respective usage and application of said funds, and (3) determine whether the City met the Maintenance of Effort requirements imposed by Measure X and State law. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Purpose of this Report

The purpose of this report is solely to report our opinion on compliance with the TAMC Ordinance No. 2016-01 and to describe the scope of our testing over compliance and the results of that testing. This report is intended solely for the information and use of City Council, management of the Transportation Agency for Monterey County and for filing with the appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

C & A LLP

November 2, 2024
Morgan Hill, California

ATTACHMENT 2: Five-Year Capital Improvement Program

ATTACHMENT 3: Pavement Management Program Report

City of Carmel-by-the-Sea

POST OFFICE BOX CC
CARMEL-BY-THE-SEA, CA 93921
(831) 620-2000

December 2, 2024

Todd Muck
Executive Director
Transportation Agency for Monterey County
55-B Plaza Circle
Salinas, CA 93901

Re: Pavement Management Program Annual Report Letter

Dear Todd,

The City of Carmel-by-the-Sea confirms that it has a Pavement Management Program that conforms to the criteria established by the Transportation Agency for Monterey County and included in the Measure X Agreement with the City. We acknowledge that an approved Pavement Management Program must be in place to be eligible for Measure X funds.

The Pavement Management Program (PMP) utilizes a software system developed by the Metropolitan Transportation Commission known as "StreetSaver." The PMP system and field data was updated by Nichols Consulting Engineers in 2022. Streetsaver continues to be maintained by Public Works Superintendent Rob Culver, and contains, at a minimum, the following elements:

- Inventory of all existing pavements under the local agency jurisdiction:
 - Centerline miles: 26.9
 - Total lane miles : 54.51
 - The last update of the inventory was completed on: 10/2022
- Average Pavement Condition Index (PCI) 71
- Identification of roadway classifications brought up to acceptable PCI levels for the current year:
 - Arterial 81
 - Collector 65
 - Residential 68
 - Other 72
- Amount spent to rehabilitate or replace deficient sections for the current year: \$1,139,566.05

You may direct any questions regarding our Pavement Management Program to the Public Works Superintendent Rob Culver at (831) 620-2074, or myself at (831) 620-2021.

Sincerely,


Robert Harary, P.E.
Director of Public Works

cc:

Jayne Fields, Finance Manager
Rob Culver, Public Works Superintendent

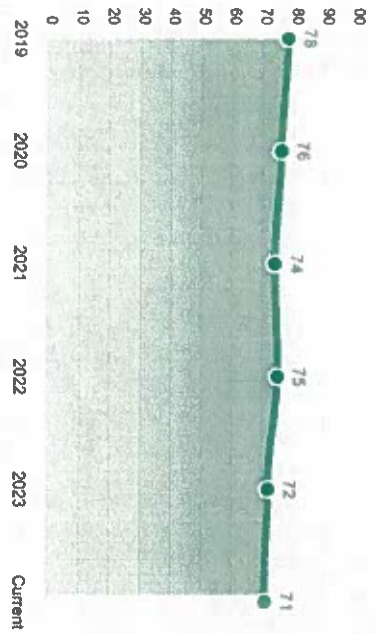
EXECUTIVE SUMMARY

CITY OF CARMEL

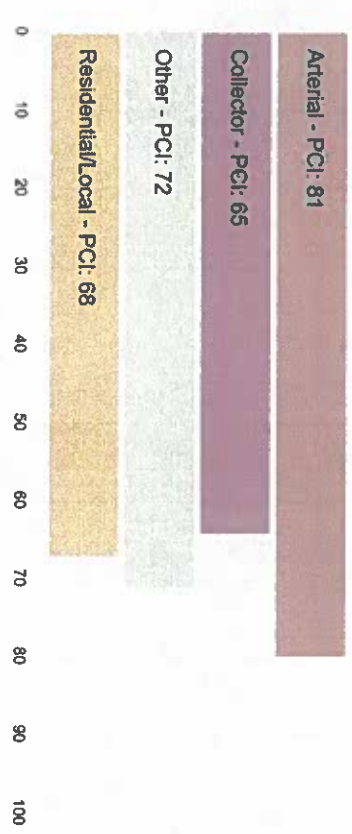


AVENUE AREA SQUARE MILES	26.9	CENTERLINE MILES	54.51	LANE MILES	233	SECTIONS	46	PEER COMPARISON SIMILAR SIZE AGENCY PCI	70%	AS OF: 8/31/2024
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HISTORICAL PAVEMENT CONDITION TRENDS



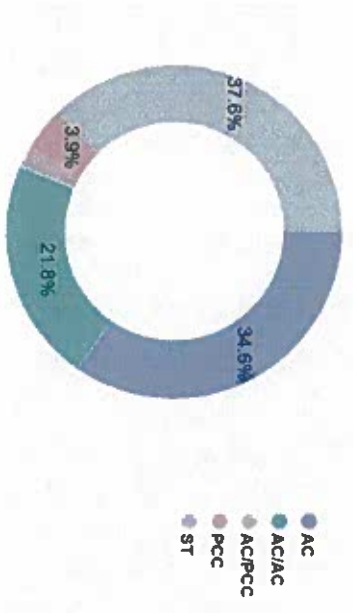
CURRENT PCI BY: FUNCTIONAL CLASS



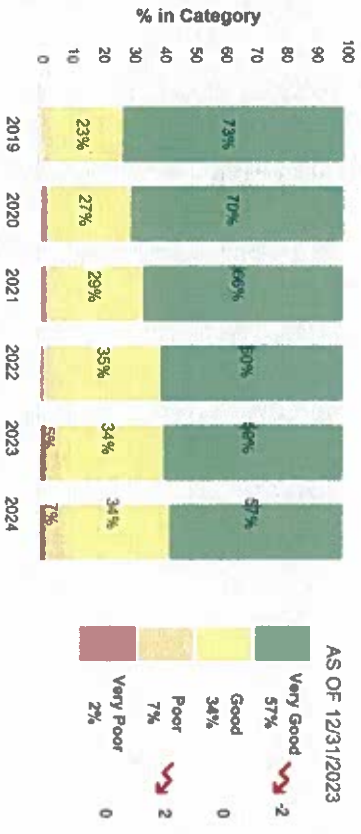
**CURRENT PCI



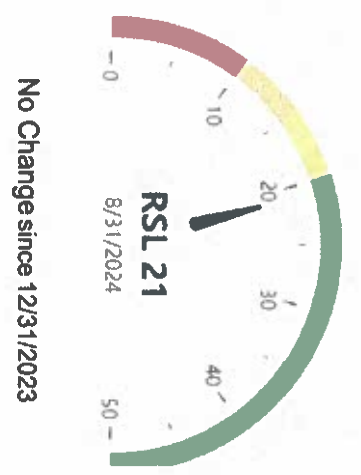
PERCENT OF AREA BY: SURFACE TYPE



HISTORICAL NETWORK CONDITION TRENDS



REMAINING SERVICE LIFE (YEARS)



Based on the closest pairs in your geographic location with a comparable number of Sections.

**For display purposes only; Current PCI graph shows Condition Category colors based on default PCI Breakpoint values of 70, 50 and 25.

Please Note: Historical PCI values are calculated as of 12/31 of the year shown.